



Adding Quality
to People's Lives



Sustainability
Report 2006

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At a glance

In 2006, Georg Fischer generated the highest sales and earnings in its history, thus demonstrating that its business areas are rich in future promise. The confidence of the financial markets is also reflected in the share price: The company has never been worth as much as it is today. Our next task is to ensure that we can maintain our key figures – sales of four billion francs and an EBIT margin of 8 percent – over the long haul even if economic conditions should deteriorate. The conditions are good, and we have the financial resources for investments in the future. Innovation and efficiency are and will remain the key to profitable growth. Thanks to strong order books and the favourable economic environment, the Executive Committee is optimistic for 2007.

Economy

- Growth of 10 percent: Sales pass CHF 4 billion mark for first time
- EBIT margin: 8.1 percent
- Net profit: CHF 249 million (up 42 percent)
- GF AgieCharmilles fully integrated in the Corporation
- Net debt reduced by half to CHF 324 million
- All three Corporate Groups on success track

Ecology

- An increase of 8 percent in energy consumption and 9 percent in CO₂ emissions (in line with the growth in production volume)
- Decrease in drinking water consumption
- Waste water: up slightly by 2 percent
- Waste: 9 percent higher
- Expenditure on environmental protection: CHF 24 million

People

- New Human Resources and Social Responsibility policies
- 60 percent of employees attended at least one training course
- 11 percent increase in work-related accidents (in line with growth in production volume), at the same time 2.5 percent decrease in work-related absences
- Pilot projects started to introduce occupational health and safety management systems (OHSAS 18 001)
- Reduction of absence rate from 4.7 to 4.4 percent
- 450 apprenticeships throughout the Corporation
- Sustainable improvement in drinking water supply: Clean Water Foundation completes nine projects and approves seven new ones

The short report 2006

Adding Quality to People's Lives – this is the promise of the Georg Fischer brand for its various stakeholders. The key to a better quality of life is a long-term mindset that matches the three dimensions of sustainability: economy, ecology and people. Numerous examples from the Corporation's more than 200-year history demonstrate that Georg Fischer is not driven by fashions; its sustainable approach to business is rooted in the very way the company operates.

GF has been publishing an environmental report since 2000 in order to document its environmental footprint and its environmental achievements; in 2005 social data were added to generate a Sustainability Report. In future, the Corporation will produce an extensive report on its sustainability objectives, data and measures every two years. In the alternating years, it will publish a short report containing the key figures for the intervening period. The present publication is the first such short report. The principles, strategies, objectives and priorities set out in the 2005 Sustainability Report remain in force. The next full Sustainability Report will appear in 2008. The Annual Report provides information on the Corporation's business performance, corporate governance and compliance issues and risk management on a yearly basis.

The Corporation-wide reporting system SIS (Sustainability Information System), which captures the key ecological and social figures, was further extended and improved in 2006. A new feature is the expanded reporting on employee training, the Corporation's social commitment and corporate compliance. The range of companies surveyed has changed since the previous year. The environmental data now contain all production companies – previously, the two Chinese production plants of GF Piping Systems in Shanghai and GF AgieCharmilles in Beijing were not included. In addition, the Report now also encompasses all joint ventures. The data from a foundry in Germany were no longer collected since production was shifted; likewise two production companies that have been sold were not included. All 45 relevant production companies were surveyed in order to collect the

environmental data, while 87 companies provided social data. In all other respects, the system boundaries and information on data collection provided in the 2005 Sustainability Report remain valid.

The reporting of Georg Fischer is based on the Global Reporting Initiative (GRI). A GRI Content Index on the Internet indicates which GRI requirements GF takes into account and where the relevant information is to be found.

Full information on the Internet

www.georgfischer.com/publications_en

www.georgfischer.com/corporate_governance_en

www.georgfischer.com/sustainability_en

www.georgfischer.com/gri_contentindex_en

Objectives for the period to 2007: a status report

GF defined its objectives for the period 2006–2007 in the 2005 Sustainability Report. For all these objectives, measures are either being implemented or have been completed.

Climate. Georg Fischer generates about 600 000 tonnes of CO₂ emissions every year, of which around 90 percent are attributable to the GF Automotive Corporate Group. In the year under review, extensive analyses and investigations on CO₂ emissions and legal requirements were conducted. The result: in all likelihood, none of the Georg Fischer subsidiaries will have to participate in the EU's second emission trading period (2008–2012). The underlying directive allocates greenhouse gas emission allowances. No GF production plant exceeds the limits for heating systems and at present no plant is included in the applicable "list of installations" of the individual EU countries. In Switzerland, the Corporation belongs to the Business Energy Agency. The aim: voluntarily reduce CO₂ emissions to the point where no taxes are incurred. The ongoing search for possible ways of reducing CO₂ emissions remains the top priority of environmental management at GF.

Supplier relations. In the public perception, the social and ecological responsibility of a company increasingly extends to its choice of business partners, in particular suppliers. In the year under review, the Executive Committee therefore determined that environmental and social aspects must be taken into consideration along with price, quality and delivery reliability when selecting and assessing suppliers. In the case of bids that are otherwise equal, preference is given to suppliers and service providers that have an environmental management system certified to ISO 14 001 or EMAS and that place special emphasis on ecological products and production methods. Social aspects that are relevant in such decisions are occupational health and safety protection as well as social benefits. These include, for instance, appropriate working hours, defined work breaks or payment in line with national standards. These criteria are applied to the extent that a sufficient number of competitive and equal bids have been received.

Policies. In 2006, GF met the objective published in the 2005 Sustainability Report when it adopted its Human Resources and Social Responsibility policies. Both policy statements can be downloaded from the Internet. These new policies mark a consistent development of existing policy statements and are binding for all GF companies. They are being launched in conjunction with training of managers and HR executives and additional internal communication measures.

Occupational health and safety. Moreover, the Executive Committee has decided to carry out a pilot project for the introduction of the standardized occupational health and safety management system OHSAS 18 001. Three production companies are currently preparing certification. OHSAS 18 001 will help make the figures obtained on occupational accidents more transparent and assist in the drafting of suitable countermeasures. The decision whether the project is to be implemented throughout GF will be taken after completion of the pilot project.

Creating awareness

Corporate compliance was extended in the year under review on the basis of a concept approved by the Executive Committee. Organizational measures, training in the Corporate Groups as well as information and advice for the corporate subsidiaries are instrumental in ensuring compliance with the business ethics principles prevailing in the Corporation.

A package of measures involving all corporate subsidiaries was approved to deal with a potential avian flu pandemic.

An employee newspaper is now being published four times a year in five languages. Along with the company intranet, this newspaper is a platform for dissemination of news and policies on sustainability. Its reporting will aim to anchor this subject in the awareness of GF employees. About one quarter of the staff were surveyed in the year under review about their satisfaction, attitudes and opinions.



Ecology

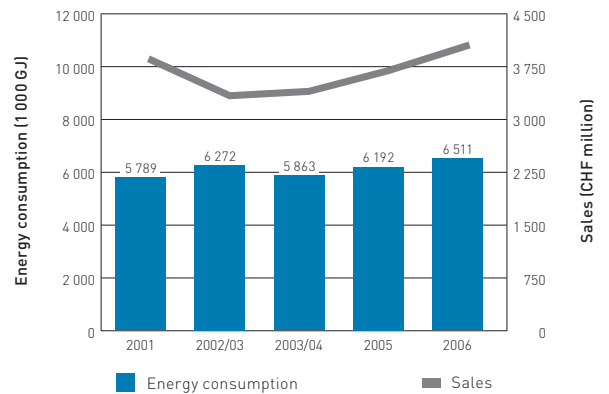
Production volume rose sharply in all three Corporate Groups in 2006. Since manufacturing processes at GF are energy-intensive, energy consumption thus increased by 8 percent* compared with the previous year. 90 percent of total energy requirements are accounted for by the ten largest production facilities. Although a number of measures were carried out across the Corporation to reduce energy consumption, the results are not yet reflected in the energy balance sheet. At the Mettmann foundry, for instance, the use of special fluorescent lamps reduced energy consumption in the core moulding plant and in the central workshop by 50 percent.

The most important energy sources at GF are electricity, coke and natural gas. The share of coke (up 2 percentage points) and electricity (up 1 percentage point) increased in 2006 owing to the rise in production volume. The share of renewable energy stands at 3 percent, mainly stemming from the use of waste heat. At the Traisen plant of GF Piping Systems, a river power plant has been in operation since mid-March 2006, enabling the company to produce hydroelectric power (see rear flap).

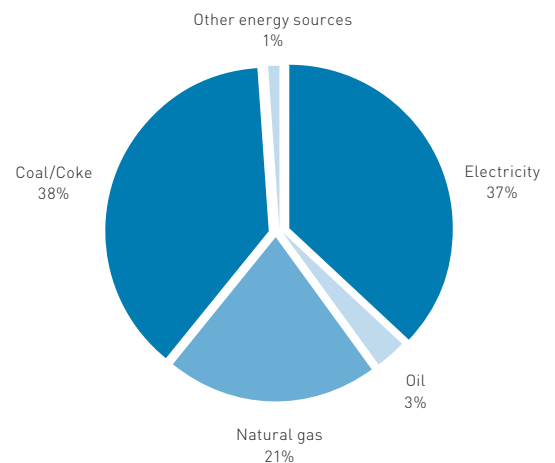
The emissions of the greenhouse gas CO₂ have increased in parallel to energy consumption and were 9 percent* above the year-back level in 2006. This trend is directly connected with the steep increase in manufacturing volume worldwide. The chart shows CO₂ emissions caused by the consumption of energy at Georg Fischer. Emissions resulting from electricity production are also included. The figures have been calculated, not measured.

* Adjusted for changes in the scope of reporting

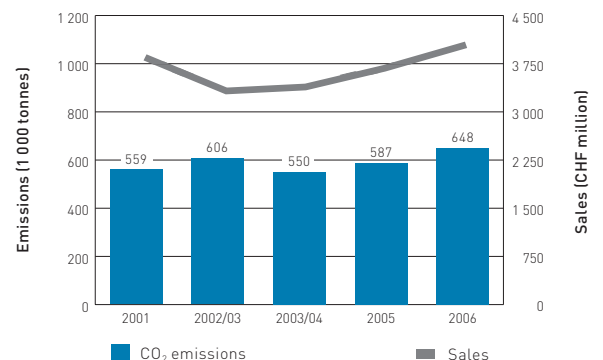
Energy consumption



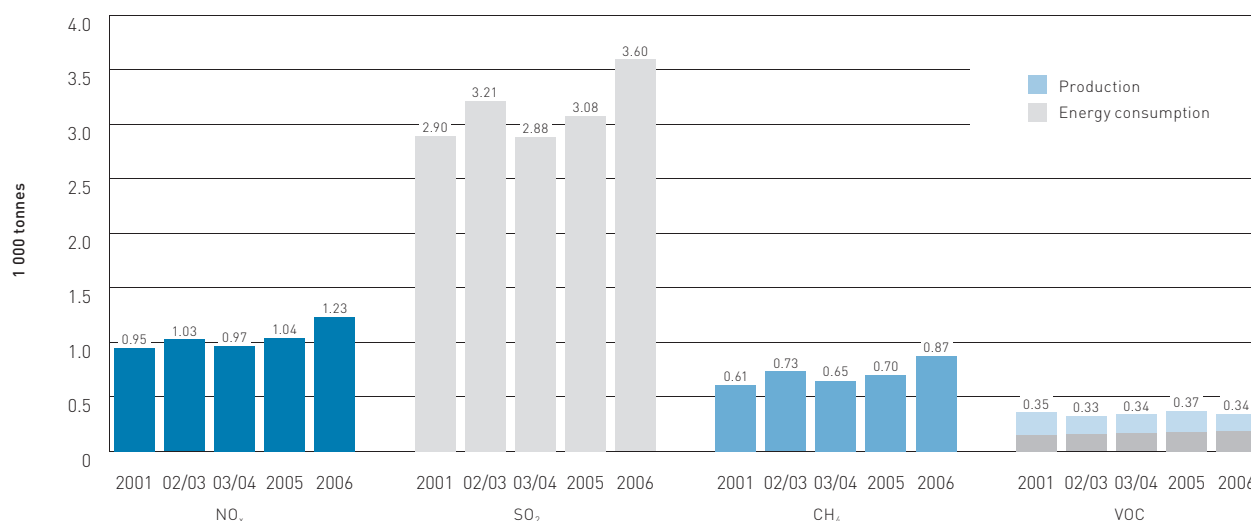
Energy sources in 2006



CO₂ emissions from energy consumption



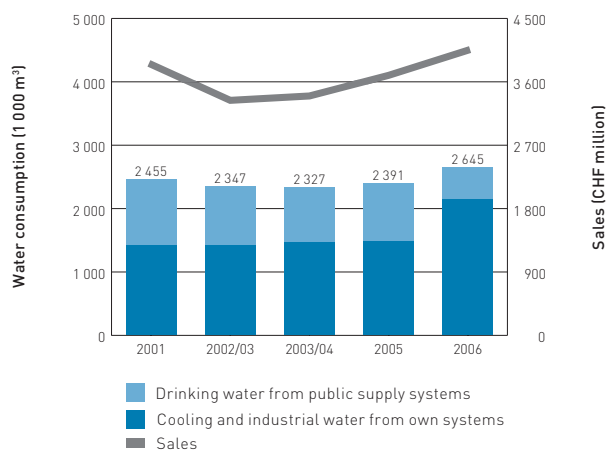
Air emissions from energy consumption and production processes



Emissions of sulphur dioxide (SO₂), nitrogen oxide (NO_x) and methane (CH₄) are directly linked to the consumption of energy. Since more coke and electricity was used in production in 2006, the emissions of these substances rose disproportionately (SO₂ +12 % / NO_x +13 % / CH₄ + 15 %)*.

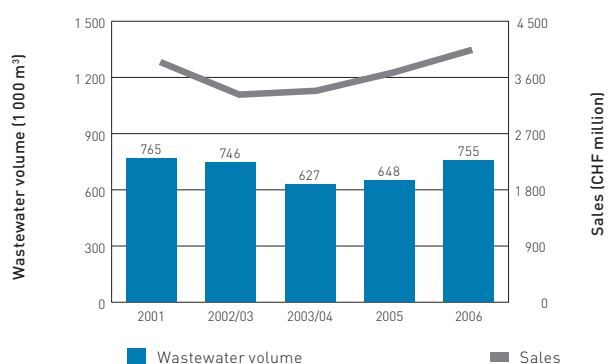
The emissions of volatile organic compounds (VOC), by contrast, declined. VOC emissions were significantly reduced by the installation of new filters at the Mettmann plant and a new painting facility at the Leipzig plant.

Water consumption



Owing to a number of measures, GF was able to significantly reduce its consumption of high-quality drinking water, a scarce resource, in 2006. It used more industrial water instead. Industrial water is used mainly for cooling and is not polluted. The impact on the environment is therefore slight. Water consumption rose by 5 percent* in line with the increase in production volume.

Wastewater volume



Despite the rise in production volume, the volume of wastewater showed only a minimal 2 percent* increase. A number of small-scale measures led to this saving. Only about 30 percent of the total water consumption at GF becomes polluted wastewater. This wastewater is treated in public treatment plants. At some major GF sites, the facilities pre-treat the wastewater internally. The remaining 70 percent of the water consumption is used for cooling and is returned to nature unpolluted.

* Adjusted for changes in the scope of reporting

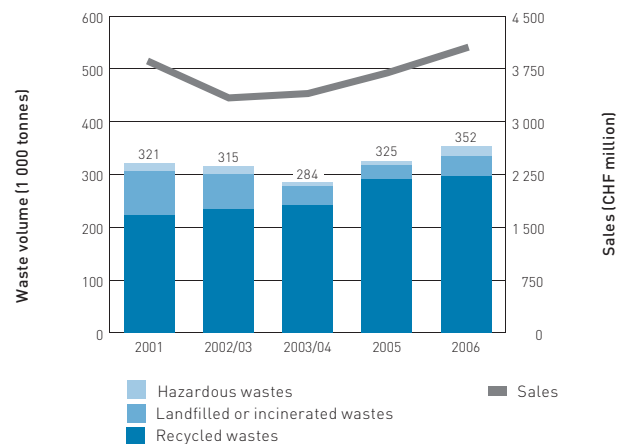
Like the other environmental key figures, the volume of waste depends closely on production volume. Accordingly, waste volume increased by 9 percent* in 2006. Two changes caused an increase in incinerated or landfilled waste and in hazardous waste: New legislation in Germany means that a special type of dust in the foundries has been rated as hazardous waste since 2006, whereas previously it was classified as recyclable waste. Moreover, owing to changes made by a disposal partner, waste sand at the Herzogenburg site could not be recycled in the year under review. These two factors caused a decline in the share of recyclable waste from 90 to 84 percent.

GF spent around CHF 24 million (previous year: CHF 29 million) on environmental protection in 2006. Of this amount, CHF 14 million was spent on the construction of new installations and CHF 10 million on the operation and maintenance of existing installations. The bulk of the spending was for treatment of exhaust air, wastewater and solid waste. The spending also includes outlays for the training of specialists and environmental measures for building renovation and new builds.

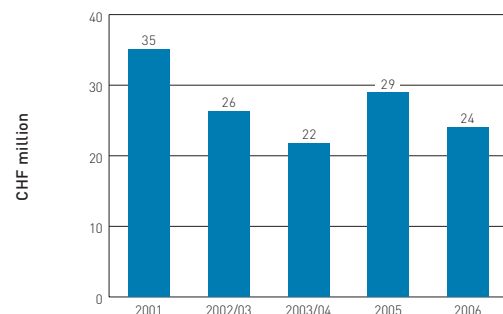
Spending on energy came to around CHF 146 million in 2006, which was 30 percent higher than the previous year. This increase is due both to a rise in consumption and to higher energy prices. Even a number of individual measures such as the greater use of waste heat or switching heating over from oil to gas failed to stem this trend. The costs for water, however, are in line with the level in the previous year, while proceeds from the recycling of waste were higher than the costs of waste disposal.

* Adjusted for changes in the scope of reporting

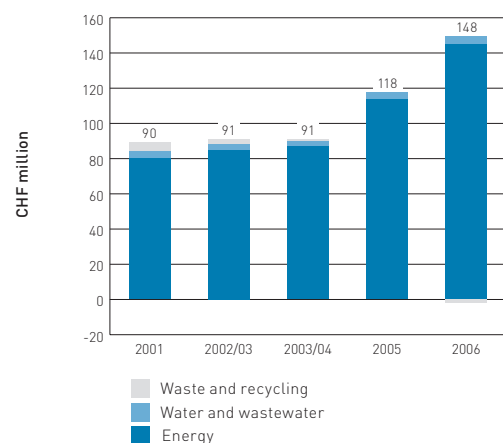
Waste volume



Expenditure on environmental protection



Costs for energy, water and waste disposal





People

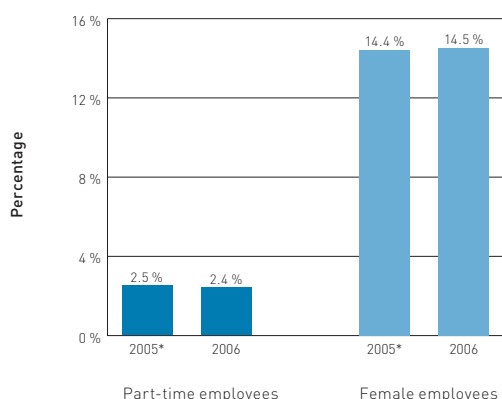
Headcount*	2002	2003	2004	2005	2006
Headcount year-end	13 737	13 247	12 324	12 403	12 385
- Europe	11 924	11 484	10 476	10 347	10 059
- America	732	599	609	602	652
- Asia, Australia	1 081	1 164	1 239	1 454	1 674

* Not adjusted for changes in the scope of consolidation such as acquisitions, disposals or closures

Headcount at GF stood at 12 385 in 2006, on a par with the level the previous year. Europe's share of headcount declined from 84 percent to 81 percent in the year under review. This was due mainly to a marked reduction in Germany, where the headcount decreased by 432 persons. The reason for this

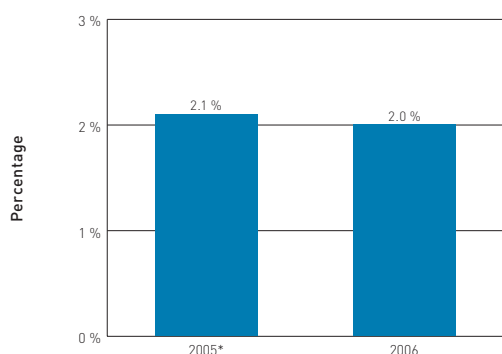
trend is the shift of production from one site and the sale of two companies. By contrast, the number of employees increased in virtually all the key markets of GF: in Asia it rose to 1 626 (an increase of 219). Asia now accounts for 13 percent of total headcount.

Employees



The number of part-time employees was unchanged compared with the previous year and, at 2.4 percent, is relatively low. However, the percentage varies widely within the Corporation. The highest percentage is at the Dutch corporate subsidiary Georg Fischer Waga N.V., where part-time employees account for 22 percent of the workforce. The low rate for GF as a whole is due to the fact that part-time work among foundry employees is not very much in demand. Female employees accounted for 14.5 percent of the total. Here, too, figures varied widely from one corporate subsidiary to the next. The share of women in the workforce is over 25 percent at 26 corporate subsidiaries and below 10 percent at thirteen. The share of women in Asia is significantly higher than on the other continents: it is 27 percent in Japan, 26 percent in Singapore and 20 percent in China.

Employees with disabilities

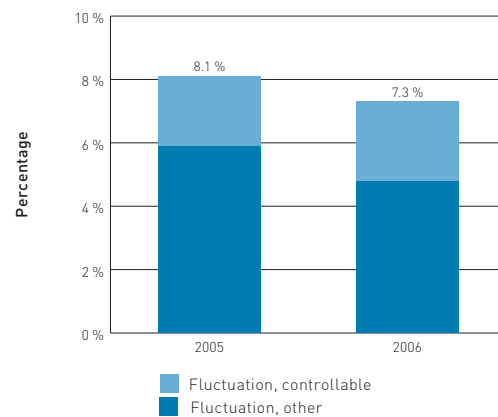


* Values recalculated for 2005
(the chart now shows year-end figures)

In 2006, GF employed 248 people with disabilities at 31 corporate subsidiaries. At year-end, 85 disabled people were working at the Corporation's largest foundry in Singen alone. In addition, GF sources goods and services from workshops for the disabled. In the year under review, the order volume Corporation-wide was close to CHF 3 million.

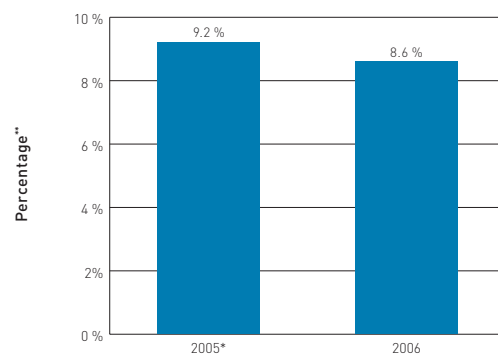
The fluctuation rate is an important yardstick of employee satisfaction. A relevant parameter is the number of departures for controllable reasons, i.e. employees who leave the company because they are dissatisfied with pay, the working atmosphere, conditions of work or career opportunities. This parameter increased slightly in 2006 compared with the previous year from around 2.2 percent to 2.5 percent. However, this must be judged as very good given the economic environment, which is positive on the whole. Corporation-wide, 879 people (or 7.3 percent) left the company in 2006, compared with 8.1 percent in 2005.

Fluctuation



The share of women managers is 8.6 percent. Of the companies surveyed, 38 percent have one or more women in the executive team. There are no women on the Executive Committee or in the management of the Corporate Groups. One of the ten members of the Board of Directors is a woman.

Female managers

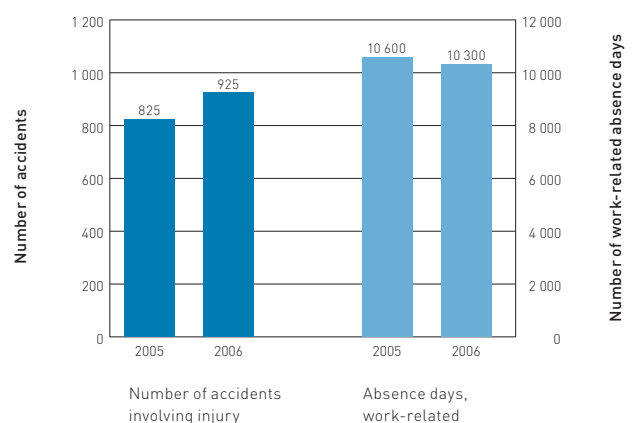


* Values recalculated for 2005
(the chart now shows year-end figures)

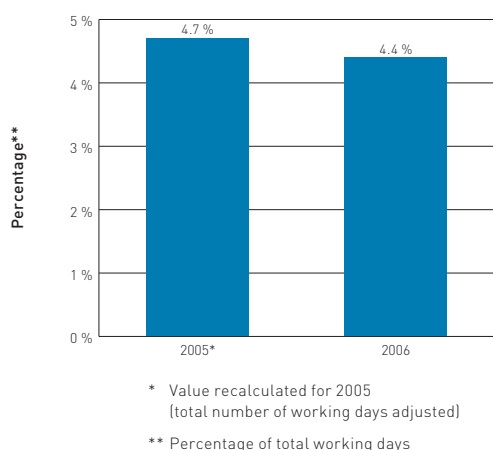
** in relation to the total number of managers

As in 2005, GF fortunately recorded no work-related fatalities. The number of accidents causing injury rose by 11 percent. Since the number of work-related absences fell by 2.5 percent, it can be assumed that the accidents were less serious. The increase in the number of work-related accidents rose in step with the increase in production volume. 87 percent of the work-related accidents occurred in the thirteen foundries. Half of the corporate subsidiaries did not record any accidents. Various programmes have been launched to further increase work safety and reduce the accident rate. The Corporation is thus studying a pilot project for the introduction of the occupational health and safety management system OHSAS 18 001.

Accidents and absences

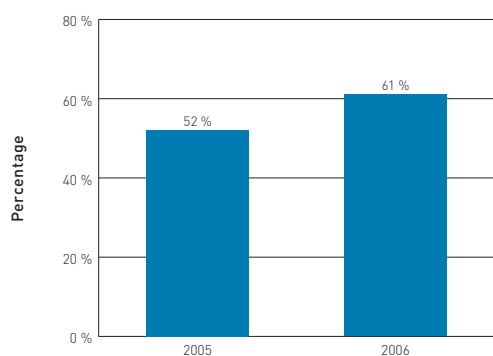


Absence rate



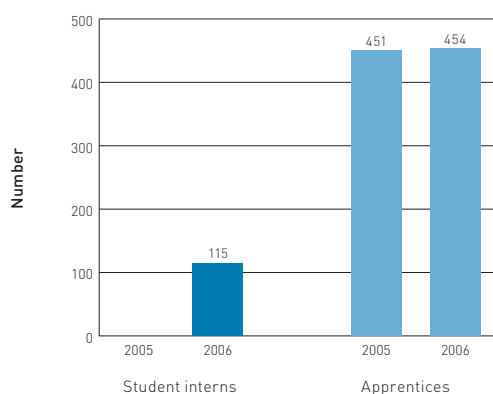
The **absence rate** fell by 6 percent and stood at 4.4 percent in 2006. This decline reflects the measures taken in a number of companies to strengthen preventive health care (see rear flap) and targeted absence management. To determine this rate, work-related and non-work-related absence days were measured in relation to total working days. 90 percent of the absences are due to illnesses and accidents not associated with professional activity. 10 percent of the absences are caused by work-related accidents and associated illnesses.

Employees participating in "off-the-job" training



GF can only achieve the growth targets anchored in its **strategy** if it has highly qualified employees. Training programmes were therefore conducted in all corporate subsidiaries in the year under review. For external training alone, the Corporation spent CHF 5 million in 2006, offering training to 7 350 people (a 13 percent increase). 61 percent of the staff attended at least one training course in the year under review. The number of "off-the-job" training days rose by 23 percent to 21 600. More than 70 percent of the training measures were internal in order to gear training as closely as possible to the company's needs. The average number of training days per employee rose to 1.8 (previous year: 1.5). An above-average percentage of employees – over 90 percent – were trained in China. 20 corporate subsidiaries trained over 90 percent of their employees in 2006.

Apprentices and trainees



The management of GF has always regarded the **training of young people** as a key investment in the future and at the same time as its responsibility towards society. Corporation-wide, 454 apprentices (or 3.7 percent of the total headcount) were being trained at the end of the year under review. The largest number of apprentices at GF are in Switzerland (199 or 7.6 percent*), Germany (143 or 3.6 percent*) and Austria (100 or 4.2 percent*).

115 university students took advantage of the opportunity to do an internship lasting longer than three months. The Corporation regards internships as an opportunity to make contact with potential employees early in their career and to recruit the best among them.

* As a percentage of the number of employees in the country in question

Key figures

Economy

Financial data is reported in detail in the Georg Fischer 2006 Annual Report.

Ecology**

As at 31 December, 2006

	Unit	2001	2002/03	2003/04	2005	2006
Energy consumption (EN3, EN4*)	1 000 GJ	5 789	6 272	5 863	6 192	6 511
- Electricity	1 000 GJ	1 881	2 037	2 055	2 236	2 449
- Natural gas	1 000 GJ	1 326	1 558	1 350	1 423	1 338
- Coke/Coal	1 000 GJ	2 284	2 387	2 133	2 237	2 522
- Oil	1 000 GJ	180	179	168	146	168
- Other energy sources	1 000 GJ	118	111	157	150	34
Air emissions (EN16, EN20*)						
Nitrogen oxides (NO _x)	1 000 tonnes	0.95	1.03	0.97	1.04	1.23
Sulphur dioxide (SO ₂)	1 000 tonnes	2.90	3.21	2.88	3.08	3.60
Methane (CH ₄)	1 000 tonnes	0.61	0.73	0.65	0.70	0.87
VOC	1 000 tonnes	0.35	0.33	0.34	0.37	0.34
Carbon dioxide (CO ₂)	1 000 tonnes	559	606	550	587	648
Water consumption (EN8*)	1 000 m ³	2 455	2 347	2 327	2 391	2 645
- From public supply	1 000 m ³	1 029	916	864	901	495
- From own supply	1 000 m ³	1 426	1 431	1 463	1 490	2 150
Wastewater volume (EN21*)	1 000 m ³	765	746	627	648	755
Waste volume (EN22*)	1 000 tonnes	321	315	284	325	352
- Recycled wastes	1 000 tonnes	223	234	242	292	297
- Landfilled or incinerated wastes	1 000 tonnes	82	65	34	24	36
- Hazardous wastes	1 000 tonnes	16	16	8	9	20
Monetary values (EN30*)						
Expenditure						
on environmental protection	CHF million	35	26	22	29	24
Energy costs	CHF million	81	85	87	114	146
Water and wastewater costs	CHF million	4	3	3	4	4
Waste and recycling costs	CHF million	5	3	1	0	-2

* Indicator number as per Global Reporting Initiative (GRI), Sustainability Reporting Guidelines, Version 3.0 (October 2006)

** The data relates to the Georg Fischer production sites as specified on p. 5. Not adjusted for changes in the scope of reporting.

People**

As at 31 December, 2006

	Unit	2005	2006
Employees (LA1, LA2*)	Number	12 403	12 385
Part-time employees	Number	***293	294
	Percentage	***2.5	2.4
Female employees	Number	***1 707	1 775
	Percentage	***14.4	14.5
Female managers	Number	***51	48
	Percentage of all managers	***9.2	8.6
Employees with disabilities	Number	***246	248
	Percentage	***2.1	2.0
Order volume from workshops employing disabled people	CHF million	2.0	2.7
Departures	Number	1 008	879
Departures for controllable reasons	Number	273	302
Staff fluctuation, overall	Percentage	8.1	7.3
Staff fluctuation, for controllable reasons	Percentage	2.2	2.5
Employee surveys	Number of employees surveyed	4 500	3 400
	Number of companies	27	29
Incidents of discrimination	Number		0
Health and safety (LA7*)			
Accidents involving injury	Number	825	925
Accident rate	Accidents per 1000 employees	66	77
Fatalities, work-related	Number	0	0
Absence days due to work-related accidents or illness	Number	10 600	10 300
	Percentage of total working days	0.4	0.4
Absence days, work-related and non-work-related	Number	132 000	122 000
	Percentage of total working days	4.7	4.4
Training and education (LA10*)			
Employees participating in "off-the-job" training	Number	6 500	7 350
	Percentage of employees	52	61
"Off-the-job" training days	Number	18 000	21 600
	Training days per employee	1.5	1.8
Student interns	Number		115
Apprentices	Number	451	454

* Indicator number as per Global Reporting Initiative (GRI), Sustainability Reporting Guidelines, Version 3.0 (October 2006)

** The data relates to all Georg Fischer companies with more than ten employees (cf. p.5).

*** For 2005, the table now shows year-end figures.

Your opinion matters

Feedback

What you think of the Georg Fischer Sustainability Report matters to us. As we are constantly striving to improve our reporting, we would very much welcome your feedback. We will also be happy to answer any questions you may have.

Contact

Georg Fischer Ltd
Stefan Erzinger
Ebnatstrasse 111
8201 Schaffhausen / Switzerland
Phone: +41 (0) 52 631 39 11
Fax: +41 (0) 52 631 28 07
stefan.erzinger@georgfischer.com

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The statements in this publication relating to matters that are not historical facts are forward-looking statements that are not guarantees of future performance and involve risks, uncertainties and other factors beyond the control of the company.

→ Water power

At its plant in Traisen, Austria, GF Piping Systems commissioned a river power plant in the spring of 2006. The current power plant, in which water was diverted into a canal, was shut down. The change has brought about significant ecological improvements. The share of ecological power was increased by 180 percent to around 2.8 million kilowatt hours, while at the same time emissions of greenhouse gases were reduced. CO₂ emissions alone will fall by about 700 tonnes per annum. At the same time, there is enough water in the Traisen River, and the environment for fish and other creatures has improved. Total investment: about CHF 4 million.

→ Award-winning

For its contribution to reducing emissions and for energy-saving measures, GF Automotive in Altenmarkt, Austria, has been awarded the Environmental Protection Prize of the State of Styria. Two state-of-the-art exhaust air treatment plants were installed in the light metal foundry. This reduced dust emissions from aluminium and magnesium casting to below the level of detection.

→ Prevention

In 2006 numerous companies conducted integrated preventive measures in order to protect employees against ill health and actively promote well-being. The companies initiated and funded annual medical check-ups, offered free-of-charge influenza vaccinations, organized seminars to help people stop smoking and launched fitness programmes. The Japanese sales company of GF AgieCharmilles received an award from the Nihon Kanagata Health Insurance Association for the sixth time in a row for its exemplary health management.

Corporate Sustainability

Manfred Leyrer

Phone: +41 (0) 52 631 34 12

Fax: +41 (0) 52 631 28 07

manfred.leyrer@georgfischer.com

Investor Relations

Daniel Bösiger

Phone: +41 (0) 52 631 21 12

Fax: +41 (0) 52 631 28 16

daniel.boesiger@georgfischer.com

Communication

Markus Sauter

Phone: +41 (0) 52 631 26 97

Fax: +41 (0) 52 631 28 63

markus.sauter@georgfischer.com

Further information about
Georg Fischer may be found at

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Georg Fischer Ltd
Amsler-Laffon-Strasse 9
8201 Schaffhausen
Switzerland
Phone: +41 (0) 52 631 11 11

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